



PSC NEWS

Missouri Public Service Commission

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FY-05-57

PSC REJECTS USF CERTIFICATION FOR CASS COUNTY TELEPHONE AND NEW FLORENCE TELEPHONE

Jefferson City (September 30, 2004)---The Missouri Public Service Commission has declined to certify that rural telephone companies, Cass County Telephone Company and New Florence Telephone Company, are using their Universal Service Fund (USF) high cost support in accordance with the federal Telecommunications Act of 1996.

The Missouri Public Service Commission is conducting further inquiry of these companies and is also awaiting the receipt of a third party audit of the companies.

Both of these telephone companies appear to have some ownership or business connections with entities implicated earlier this year in a nationwide phone and Internet scheme that federal prosecutors have alleged is linked to organized crime.

"These federal indictments and allegations require a higher level of scrutiny prior to granting USF certification," stated PSC Chairman Steve Gaw.

"The Commission has instituted an inquiry to determine if the companies are currently using the funds in accordance with federal law and that adequate protections are in place to ensure they continue to do so. The Commission is conscious of the importance that USF funds are used for the benefit of ratepayers and wants to see this issue resolved in a prudent and timely fashion," stated Gaw.

The Commission's decision does not necessarily mean the funds will be lost. If the Commission later decides to provide certification, any USF funds not disbursed could be disbursed in "catch-up" payments later in the year.

State commissions are required to certify local exchange telephone companies eligible for Universal Service Fund money by October 1. Under the federal program administered by the FCC, these funds are intended to be used to provide additional support for the ongoing maintenance and upgrade of rural telephone systems.

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